

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (02/03):
BUTTER: Grade AA closed at \$1.2475. The weekly average for Grade AA is \$1.2510 (-.0605).

CHEESE: Barrels closed at \$1.2100 and blocks at \$1.2400. The weekly average for barrels is \$1.2100 (-.0415) and blocks, \$1.2395 (-.0470).

BUTTER: The cash butter market remains weak. The current cash price of \$1.2475 compares to \$1.6500 last year at this time and is the lowest since December 2003. Slow demand, heavy churning activity, and increasing inventories are working to keep the butter market depressed. More manufacturing plants have switched to making bulk butter to store because they can not get rid of prints fast enough. Cream volumes are moving from one region of the country to another to find willing buyers and processing capacity. Central butter producers report that outside cream offerings are heavy with buyers reporting that acceptable delivered pricing multiples are in the 108 – 115 range. Interest in bulk butter is lackluster. Retail sales are slow and few features are reported. Food service orders are mostly steady.

CHEESE: The cheese market is unsettled to weak. Cash cheese prices seem to have reached a short term plateau. Cheese producers hope demand will improve after prices stabilize. Additional volumes are entering cheese aging programs at current, lower than recent years' prices. Cheese offerings continue to exceed the slow to fair interest. Current cheese production remains seasonally heavy and is already nearing spring peak levels. In some areas, plant operators are finding it very difficult to sell milk to balance cheese supply with demand.

FLUID MILK: Milk intakes are generally increasing throughout the country with the exception of Pacific Northwest where continued wet and muddy conditions are affecting cow comfort and causing some increased culling. Saturated soils along with windy conditions have also caused mudslides and, along with falling trees, have taken out electrical lines in the Northwest. Manufacturing plants are continuing to operate on extended schedules. Most Southeastern balancing plants are now operating near capacity.

DRY PRODUCTS: With the exception of lactose and whey in some areas, dry product markets remain weak. Heavy NDM production and increasing inventories are causing some producers to use sharp discounts to stimulate interest. Rumors of recent NDM export sales abound this week. Heavy churning schedules continue to generate large offerings of buttermilk. Demand is light as prices continue to decline. The whey market is mixed with prices higher in the Central and Northeast regions, but lower in the West. Stocks are accumulating at some plants due to continued heavy production. Prices for WPC are lower as offerings increase. Most buyers are delaying purchases except for some brand specific users. Inventories are starting to accumulate at some locations. Lactose is firm and prices are higher. Supplies remain short of demand. Traders expect a firm market for the year due to increased alternative uses and increases in dry whey permeate output.

CCC: During the week of January 30 – February 3, there was no dairy price support activity.

CLASS AND COMPONENT PRICES (DAIRY PROGRAMS):

The following are the January 2006 prices under the Federal Milk Order pricing system and the changes from the previous month: Class II \$13.25 (+\$0.03), Class III \$13.39 (+\$0.02), and Class IV \$12.20 (-\$0.37). Product price averages used in computing Class prices are: butter \$1.3387, NDM \$0.9614, cheese \$1.3895, and dry whey \$0.3416. The Class II butterfat price is \$1.4754 and the Class III/IV butterfat price is \$1.4684. Further information may be found at:

www.ams.usda.gov/dyfmoms/mib/classprcacnmt.pdf

JANUARY 1 MILK COW INVENTORY SUMMARY (NASS): The number of milk cows in the United States as of January 1, 2006, totaled 9.06 million head, up 53,000 head (1%) from January 1, 2005. Milk cow replacement heifers totaled 4.28 million head, up 160,000 head (4%) from last year. The number of milk cow replacement heifers per 100 milk cows on January 1, 2006, was 47.2, up from 45.7 on January 1, 2005. Milk cow replacement heifers expected to calve during the year totaled 2.89 million head, up 75,000 (3%) from a year ago.

FEDERAL MILK ORDER DATABASE ANNOUNCEMENT: On January 30, the Market Information Branch (MIB) of Dairy Programs announced the release of the Federal milk order market statistics public database on their Milk Marketing Order Statistics web page. This database contains historical information beginning in January 2000 generated by the administration of the Federal milk order program. This database provides access to more data than is currently available in MIB's regular web statistics and provides users with a lot of flexibility to design the specific format in which they wish to obtain the data. The URL for the public database is www.ams.usda.gov/USDAMIB/Main/Welcome.aspx

MILC PROGRAM EXTENDED: The Milk Income Loss Contract (MILC) program won passage by Congress on Wednesday (2/1) and is on its way to the White House for the President's signature. Approval came when the House passed the budget deficit reduction package, which, among other things, renews the program for two years, until September 2007. If signed by the President, the subsidies will be applied to part of the shortfall when the Northeast (Boston) Class I price is below \$13.69 and is limited to 2.4 million pounds of milk annually per producer. Payments will be retroactive to October 1, 2005.

JANUARY AGRICULTURAL PRICES HIGHLIGHTS (NASS):

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in January 2006 advanced 2 point to 145. Compared with January 2005, the index was up 8 points (5.8%). The index of prices received by farmers for dairy products declined 2 points during the month of January 2006 to 111. Compared with January 2005, the index was down 11 points (9.0%). Prices received by farmers in January with changes from December were: for All Milk, \$14.50, down \$.30; for Fluid Grade Milk, \$14.60, down \$.20; and for Manufacturing Grade Milk, \$14.10, down \$.30.

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

PRODUCT	MONDAY JANUARY 30	TUESDAY JANUARY 31	WEDNESDAY FEBRUARY 1	THURSDAY FEBRUARY 2	FRIDAY FEBRUARY 3	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.2100 (N.C.)	\$1.2100 (N.C.)	\$1.2100 (N.C.)	\$1.2100 (N.C.)	\$1.2100 (N.C.)	(N.C.)	\$1.2100 (-.0415)
40# BLOCKS	\$1.2375 (N.C.)	\$1.2400 (+.0025)	\$1.2400 (N.C.)	\$1.2400 (N.C.)	\$1.2400 (N.C.)	(+.0025)	\$1.2395 (-.0470)
BUTTER GRADE AA	\$1.2575 (-.0075)	\$1.2500 (-.0075)	\$1.2500 (N.C.)	\$1.2500 (N.C.)	\$1.2475 (-.0025)	(-.0175)	\$1.2510 (-.0605)

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM NOTE: CME NDM on Page 2.

CHICAGO MERCANTILE EXCHANGE

MONDAY, JANUARY 30, 2006

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: 1 CAR GRADE A @ \$0.8825; OFFERS UNCOVERED: NONE
 BUTTER — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 4 CARS GRADE AA: 1 @ \$1.2575, 1 @ \$1.2600, 1 @ \$1.2650, 1 @ \$1.2800

TUESDAY, JANUARY 31, 2006

CHEESE — SALES: 1 CAR 40# BLOCKS @ \$1.2400; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: 1 CAR GRADE A @ \$0.8850; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 5 CARS GRADE AA: 1 @ \$1.2550, 1 @ \$1.2525, 1 @ \$1.2475, 1 @ \$1.2550, 1 @ \$1.2500; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, FEBRUARY 1, 2006

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: 1 CAR GRADE A @ \$0.8875; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 3 CARS GRADE AA: 1 @ \$1.2475, 1 @ \$1.2450, 1 @ \$1.2500; BIDS UNFILLED: 1 CAR GRADE AA @ \$1.2200; OFFERS UNCOVERED: NONE

THURSDAY, FEBRUARY 2, 2006

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 3 CARS GRADE AA: 1 @ \$1.2500, 2 @ \$1.2650

FRIDAY, FEBRUARY 3, 2006

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.2400; OFFERS UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: 1 CAR EXTRA GRADE @ \$0.8900; OFFERS UNCOVERED: NONE
 BUTTER — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS GRADE AA: 1 @ \$1.2475, 2 @ \$1.2500, 1 @ \$1.2550, 1 @ \$1.2600

CME CASH NONFAT DRY MILK: Extra Grade closed the week at \$0.8900 and Grade A at \$0.8875. (The last price change for Extra Grade was January 24 and Grade A occurred February 1.) The weekly average for Extra Grade is \$0.8900 (-.0040) and Grade A is \$0.8860 (+.0020).

BUTTER MARKETS**NORTHEAST**

The butter market continues to weaken. The price at the CME continues to ease lower and is now at the lowest prices in more than two years. Contacts comment that slow demand, heavy churning activity, and the already heavy inventories are working to keep the butter market depressed. The low butter prices have done little to stimulate sales as buyers either have enough on hand or are waiting to see if butter prices decline farther. Churning activity is still heavy as most Eastern churns are operating 5-7 days a week. Interest in bulk butter is lackluster. Retail sales are slow and few features are reported. Food service orders are mostly steady. Sales of bulk butter f.o.b. East, are reported in a range from flat market to 3.0 cents over the CME price/average.

CENTRAL

The CME cash butter market continues to adjust lower. Many producers and handlers are now questioning how low will the cash price go. Some are speculating that the price may dip to the lower teens, but will not dip to the support price of \$1.05. The current cash price of \$1.2500 compares to \$1.6500 last year at this time and is the lowest since early December 2003. Cream volumes remain readily available with delivered prices being reported in the 110 – 115 range. Churning activity is seasonally strong and surplus volumes are clearing to inventory. Butter demand is fair at best, but is not aggressive enough to clear all current production. Some retail feature activity

is being reported, but for the most part, retail sales are seasonally slow. Foodservice orders are slightly better. Some traders and handlers are attributing good food service orders to unseasonably mild weather patterns in the Central part of the country for this time of the year. Bulk butter for spot sale is being reported in the flat – 2 cents per pound over various pricing basis.

WEST

Print butter sales are slow, production is heavy, and prices are moving lower. Post-holiday print orders have declined sharply from early December levels. Little feature activity is noted. More manufacturing plants have switched to making bulk butter to store because they can not get rid of prints fast enough. Most are choosing not to sell cream because prices are too low to come out. Churns are getting more cream than they anticipated because there are not many other viable options. Cash butter prices at the CME market have declined 9 cents in the last week and a half to stand at \$1.25. Prices have not been this low for a couple of years. Inventories of butter at the producer level are growing. The CME weekly butter inventory report indicates that butter stocks increased 6.6 million pounds to stand at 55.9 million pounds last week. This level compares to 38.3 million pounds last year and 83.7 million pounds in 2004. In the last five weeks, stocks have grown 28.9 million pounds compared to 30.3 million pounds for the same period last year. Prices for bulk butter range from 2 cents under to 4 1/2 cents under based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES**U.S. AVERAGES AND TOTAL POUNDS**

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	38% MOISTURE BARRELS			
JANUARY 28	1.3528	1.3330	0.9204	1.3164	0.3509
	7,533,560	10,629,398	29,097,312	2,870,154	8,622,731

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are sharply lower on cheddar and process items; unchanged on Swiss. The market tone is weak, but some contacts are expecting the market and prices to level off in the near future. The prices at the CME are the lowest in more than two years. Buying interest has been good, which is typical for the Super Bowl week/weekend, but beyond that, orders are just fair. Buyers are holding off on reordering until current stocks are used and to see if prices will shrink any farther. Cheese output in the Northeast is mostly steady. However, with falling cheese prices and continued high Class III milk prices, most cheese makers are not anxious take more milk. Retail sales are steady to slightly improved, but retail prices have, reportedly, not matched the declines seen at the CME. Food service orders are generally good this week.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.3675-1.8875
Cheddar Single Daisies	:	1.3250-1.8000
Cheddar 40# Block	:	1.4275-1.6975
Process 5# Loaf	:	1.4625-1.7025
Process 5# Sliced	:	1.4825-1.7100
Muenster	:	1.4400-1.6400
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

MIDWEST

The cheese market is unsettled to weak. Demand remains sluggish as buyers wait for the Chicago Mercantile Exchange (CME) weekly average prices to reach current daily levels, or just in case prices decline further. At the CME, prices were unchanged on January 30, and the block price rebounded slightly (\$0.0025) on January 31, the first daily increase in 2006. The January 1 cattle inventory report showed an increase in dairy cow and replacement heifer numbers and was considered bearish by traders. After the Super Bowl movement numbers are reviewed, buyers will likely need to replenish depleted stocks. Most in the industry are expecting that short term prices should not increase dramatically. Current price levels may generate an increase in retail feature activity. Natural interest typically is slow to fair at best. Generally, natural chunk interest is slower; though shred and slice lines (convenience products) remain busy. Demand is strong for hard Italian varieties for aging programs at current prices. Process interest is usually slow. Current cheese production is steady to higher. Increases in milk receipts more than offset slight declines in cheese yields. Some plant operators, already approaching plant capacity, have stopped adding new milk producing patrons/members. Others find it difficult to sell extra milk to slow inventory growth.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.5025-1.8400
Brick And/Or Muenster 5#	:	1.8325-1.8400
Cheddar 40# Block	:	1.6350-2.2650
Monterey Jack 10#	:	1.8750-2.2650
Blue 5#	:	2.1350-2.5300
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.4625-2.3650
Grade A Swiss Cuts 6 - 9#	:	2.4300-2.8900

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	:	CHEESE
01/30/06	22,246	:	128,104
01/01/06	11,601	:	125,224
CHANGE	10,645	:	2,880
% CHANGE	92	:	3

WEST

Cash block cheese prices at the CME had declined 13 cents since January 19 before rebounding fractionally at midweek. Prices now stand at \$1.24. They have not been this low in two years. Super Bowl orders have been shipped and many stated that volumes were not stellar. These firms state that the late Easter holiday this year may help cheese sales for that period. Many buyers that had major movement for the Super Bowl will wait to look at inventories before reordering. Current block cheese orders are reasonably good. Heavy offers of under grade cheese continue to be available in the Western market. These offers are most often going into process cheese. This is tending to put some stress on the barrel side of the market. Some frozen stocks of mozzarella cheese are also coming out onto the market. Swiss interest is most often rated as good for this time of year. Production of cheese is on the heavy side of expectations and inventories are beginning to grow at more locations.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.4050-1.6625
Cheddar 40# Block	:	1.4050-1.7050
Cheddar 10# Cuts	:	1.5850-1.8050
Monterey Jack 10#	:	1.5950-1.7550
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.7000

FOREIGN

Prices are steady on imported styles, sharply lower on domestic types. The market tone is slowing along typical patterns. Some improved interest is evident ahead of the Super Bowl weekend, but overall demand usually eases during the first quarter. Preliminary reports indicate that imports of cheese, subject to licensing during 2005 totaled 120.89 million Kg., 3.6% less than 2004. Imports of high-tier cheese during 2005 totaled 12.21 million Kg., 46.6% less than 2004.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-4.6300	: 1.6800-3.1700*
Gorgonzola	: 3.6900-5.9400	: 2.1900-2.4900*
Parmesan (Italy)	: TFEWR	: 3.0950-3.2000*
Romano (Italy)	: 2.1000-3.1900	: -0-
Provolone (Italy)	: 3.4400-6.0900	: 1.6800-1.9175*
Romano (Cows Milk)	: -0-	: 2.8775-5.0200*
Sardo Romano (Argentina)	: 2.8500-3.2900	: -0-
Reggianito (Argentina)	: 2.6900-3.2900	: -0-
Jarlsberg-(Brand)	: 3.1200-4.1500	: -0-
Swiss Cuts Switzerland	: -0-	: 2.4500-2.6500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: TFEWR	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.5600	: -0-
Gouda, Large	: TFEWR	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	30	61	0	0	129
SOUTHEAST STATES	0	0	0	0	0	0

Milk production is increasing more noticeably in Florida and other Gulf Coast States. Milk output is also increasing, but at a slower pace, in the Carolinas and the Middle Atlantic area. Farther north, the milk flow is mostly steady, but the relatively mild weather is keeping volumes above year earlier levels. Contacts all comment on the volumes of milk "in the system" and the difficulties clearing the milk at existing plants. Most Southeastern balancing plants are operating at or near capacity levels. With Class I sales reported as steady to lower throughout the region, more surplus milk is moving into the manufacturing side of the market. Florida bottlers realized that they were long on milk and cancelled quite a few loads, which forced handlers to move milk out of state for processing. In the Northeast and Middle Atlantic areas, Class I milk sales are mostly steady. The condensed skim market is unchanged. Few spot sales are reported. Most producers comment that their contracts are barely clearing enough wet solids to allow some dryer downtime during the week. Others report having a slightly better demand for condensed skim and are able to have their dryer(s) down one day a week. The fluid cream market remains weak and supplies are more than ample for the slow to fair Class II demand. More Class II and III users are keenly aware of market conditions and are able to buy spot loads at very low multiples. Couple the low multiples with the declining CME butter price and spot cream prices are considerably lower than they have been. Those that can, are taking full advantage of these lower butterfat prices. Some ice cream makers are ramping up production and building inventories. Others, however, are sticking with historic production patterns and hoping that the butter market stays depressed well into spring. Cream cheese producers are taking more cream as they increase output for anticipated Lenten, Easter, and Passover needs. Churning activity is heavy and most Eastern butter maker are full. However, fewer loads are being sent to the Midwest, but that may be due to the fact that a major butter maker has lowered their pay price this week.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.4427-1.6263
DELIVERED EQUIVALENT ATLANTA	-	1.4951-1.6918 M 1.5345-1.6263
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.3750-1.6394

PRICES OF CONDENSED SKIM, \$ PER LB SOLIDS

F.O.B. PRODUCING PLANTS:

NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	-	1.0200-1.0900
NORTHEAST- CLASS III - SPOT PRICES	-	1.0500-1.1200

M I D W E S T

Class I demand is generally steady at best, without the usually stronger first of the month pickup in orders, at least not yet. A few handlers even report lighter than week ago Class I interest. For some, Class II interest is good. For others, dip and sour cream orders have been less than expected for Super Bowl events. Manufacturing milk demand is slow with the volume of milk offerings far exceeding demand. Many plants are rapidly approaching spring peak capacity levels and managers are concerned about how they will handle spring flush levels. Also, plant inventory levels are increasing so buying milk just to make more in a weak cheese market is being avoided. At least one Wisconsin operation has stopped soliciting new patrons due to capacity concerns. There was also an announcement of the plan to close a Wisconsin cheese plant on February 1. Actual spot manufacturing milk prices are very limited, and reported prices are based on the expected lower February Class prices at -\$1.00 to about +\$0.75, net plant. Spot milk interest late last month was very slow as plant operators calculated that the cost of milk exceeded the returns from their finished product sales. Most in the industry expect that milk supplies will remain very heavy through spring flush. Cream supplies remain ample with churning active. Some churns are basing their cream price multiple on the Chicago Mercantile Exchange daily butter price rather than using the weekly average. Some offers are being rejected due to capacity limitations

and concerns over growing inventories. Milk intakes continue to increase seasonally with most plants receiving volumes well above year ago levels. A number of locations in the upper tier of states set record high average January temperature with others the second or third highest on record. Some have also reported over 40 consecutive days when the daily high broke the 30 degree mark.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JAN 26 -FEB 01	PREVIOUS YEAR
SLAUGHTER COWS	\$ 48.00- 53.50	\$ 50.00- 55.00
REPLACEMENT HEIFER CALVES	\$400.00-700.00	\$300.00-540.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JAN 26 -FEB 01	PREVIOUS YEAR
SLAUGHTER COWS	\$ 45.00- 57.00	\$ 48.00- 58.50

W E S T

NASS reported cattle inventories on January 1. The report indicates that heifers for milk cow replacement stand at 4.28 million head, up 3.9% from a year ago and the highest level in almost 20 years. Calculating the percentage of the total dairy cow herd that this number of heifers represents, shows an all time high of 47.2%. Milk cow replacement prices for January 2006 according to NASS are \$1840 up \$220 from a year earlier. Price levels and the change from last year for selected Western states are as follows: California \$1800 +\$200, Idaho \$1900 +\$300, New Mexico \$1860 +\$120, and Washington \$1850 +\$200. December 2005 POOL RECEIPTS of milk in CALIFORNIA total 3.03 billion pounds, 2.3% higher than last year. The December blend price, at a fat test of 3.77%, is \$13.65, 5 cents higher than November but \$1.51 less than December 2004. The percentage of receipts used in Class I products is 14.98%. The December quota price is \$14.41 and the over quota price is \$12.71. These prices are 6 cents higher than November but \$1.33 lower than a year earlier. CALIFORNIA milk output remains strong and several percentage points higher than last year. Processors are currently able to effectively handling the increased milk intakes. Plant capacity could be an issue as production moves higher towards the seasonal peak, which typically is in April or May when measured on a daily average basis. Bottled milk demand is steady and needs are easily met. The weather has been good in the South and Central Valley and not causing stress on the milking herds. Feed is available and pricing levels are in line for most commodities. Alfalfa prices remain high. ARIZONA milk continues to move higher at a steady pace, generally at levels higher than last year. Temperatures have been warm to hot for the time of year, but there are not reports of any stress on the milking herds. Fluid milk needs are steady with recent weeks. Plants continue to handle milk from outside the state. CREAM market prices and the market tone remain weak. Cream remains available from many sources in the region and demand continues to be under market clearing needs. Buyers in other regions are often lowering delivered, bid prices. Local butter churning remains active and heavy to process cream supplies. Ice cream production is slow to develop. Butter prices moved 8 cents lower over the last week and closed at \$1.2500 on Wednesday, February 1. Multiples for cream range from 100 to 119, FOB, and vary depending on class usage and basing point. Conditions in the PACIFIC NORTHWEST remain warm and wet. January rainfall in Seattle was the third highest on record at 11.65 inches. Temperatures averaged 40.9 degrees, almost 6 degrees above normal. Windy conditions along with the saturated soil have meant power outages as mud slides and trees falling are taking out power lines. A little break in the weather is possible later in the week. Feed lots on both the east and west sides are in bad shape. There just has been no drying taking place. The mud has been stressing the cows and just tiring them out. Culling rates are beginning to increase as the stress accumulates. Fat tests are OK, but protein tests are off a bit. Comments are heard that some hay shipments for both domestic and export sales are being delayed because of the muddy conditions. The trucks cannot get near the stacks. Milk output is increasing slowly in the region with cream offerings heavy. Snow cover continues to be common in the milk production areas of UTAH and IDAHO. Temperatures are often warm enough during the day to cause feed lots to turn muddy. Snow levels in the mountains are excellent for this time of year and should mean good irrigation water levels for next summer. Heifer prices at a major Idaho auction market have climbed back up to levels not seen in a while. The top of the market increased \$300 to \$2750 and the average was up to \$2280. Most hay producers in the region report being close to sold out on hay supplies.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are lower on a weak market. A heavy flux of milk continues to encourage strong low heat NDM production throughout the Central region. Some producers are anticipating steady flows of milk through spring. As a result, stocks of low heat NDM are building. Some plants are offering out loads of condensed skim to MPC producers to reduce output. Buyers are generally not aggressive in pursuing spot load purchases of low heat NDM, especially until prices settle. Western low heat NDM supplies are directly competitive with the Central region. High heat trade is light and mostly contractual for the good interest.

EAST: Prices are often lower. The NASS average (the basis for most NDM sales) was nearly unchanged last week. Despite this, more producers across the country are reducing prices to stimulate interest. More reports of discounted prices are noted. Some export sales of medium heat NDM at prices below \$.90 are noted. Domestic sales of low heat powder are generally slow as buyers wait for better prices. Production levels remain heavy. Most Eastern producers report having more milk than they expected and their dryers are at or near capacity levels. Producer stocks are growing at some operations, steady at others with contracts which are clearing their output in a timely manner. Traders comment that the market is highly competitive. The improved call for export sales, may have tempered conversations about offering to CCC, as fewer references to CCC were noted this week.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUMHEAT: .8800 - 1.0450 MOSTLY: .9100 - .9750
HIGHHEAT: 1.0350 - 1.0675

NONFAT DRY MILK - WEST

Western nonfat dry milk prices are sharply lower. The market tone remains weak. The impact of excess milk and surplus NDM, coupled with lighter demand, is stressing current market prices. Producers are attempting to export stocks and future production. Rumors on the extent of export sales abound this week. Domestic sales have slowed with buyers taking contract minimums and little extra. The concern of the market prices falling further is the major factor. Generally, buyers do not want to take any type of position at this time. Cheese producers are only using limited amounts of NDM to fortify/standardize vats and are utilizing the abundant milk supplies in the region. Reflecting lower prices for low heat powder and weak demand for high heat NDM, prices for high heat moved lower. Typical buying patterns center on contracts with spot interest very light. Buyers' needs are generally light. Inventories of high heat are light to moderate.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUMHEAT: .8200 - .9975 MOSTLY: .8500 - .9300
HIGHHEAT: .9500 - 1.0300

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
January 27	\$.8883	19,663,635	0
January 20	\$.9570	11,150,273	0

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices are lower on a weak market. Most trades are reported at the lower end of the range. Offerings are noted at the average. Producer discounts may be available for multiple load shipments. Production continues to increase in response to strong churn activity. As a result, stocks of buttermilk are building. Western supplies are directly competitive with the Central region for the very light interest.

F.O.B. CENTRAL: .8300 - .9025

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices continue to move lower and the market tone is weak. The Northeastern prices are nominal as there are few spot loads reported. Churning activity remains heavy, which is giving producers more buttermilk to dry or sell as a liquid. Demand for liquid/condensed buttermilk is seasonally slow, which increase drying schedules. Stocks are growing at plants that are drying. Demand is lackluster at best and most buyers are easily able to find better prices at Central or Western producers.

F.O.B. NORTHEAST: .9200 - .9300
DELVD SOUTHEAST: .8700 - .9500

DRY BUTTERMILK - WEST

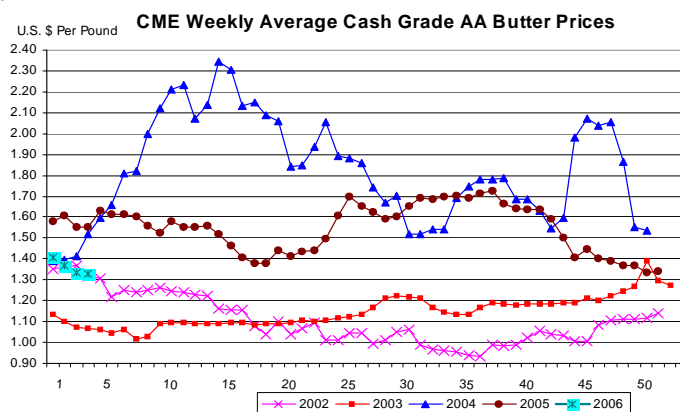
Western buttermilk pricing continues to erode and the underlying market tone remains weak. The market conditions have changed very little in recent weeks as butter production is very heavy and consequently higher than expected volumes of buttermilk are being dried. The weak demand patterns also are affecting the market. Buyers are especially reluctant to make purchases in a falling market and when other powder offerings are showing weakness. Current buttermilk stocks are building and are at higher levels than projected.

F.O.B. WEST: .7800 - .8900 MOSTLY: .8000 - .8400

DRY WHOLE MILK - NATIONAL

Prices are unchanged and nominal. Some lower prices within the range were noted as Western producers continue to adjust prices in response to the butter price changes at the CME. Production levels are light to moderate. Demand is steady. Plant inventories are balanced.

F.O.B. PRODUCING PLANT: 1.3200 - 1.3575



WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices are mixed on a steady to firm market. Some producers are expressing angst regarding higher prices due to the potential development of alternative products in displacing whey. Others remain content in charging premiums and surcharges over the average. Notably, some energy surcharges are reduced for the current month. Supplies are mixed. Most producer plants report that supplies are tight. However, some resellers report that stocks are building and producer plants are encouraging prompt pick-up of contractual loads. Resale trade of whey is very slow, encouraging resale prices to trend near the average or lower. Some feed grade supplies are available for the light interest. Whey production in general is reported as steady.

F.O.B. CENTRAL: .3375 - .3700 MOSTLY: .3475 - .3550
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .3150 - .3375

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are fractionally higher again this week. The Northeastern prices remain nominal. An underlying tone of weakness continues to develop. Producers report being in a sold out or balanced position due to contracted sales, but traders are more often commenting on the slower demand. More price shopping is occurring, but with prices in the mid-to high 30's, there are few bargains in the market place. Again, market activity is light and demand is often centered on replacement needs. Production levels are moderate to heavy. Plant stocks are light as contracts are clearing output as it is made and clears testing. However, volumes in traders' hands are accumulating due to the slower demand. There is some concern that these high prices will push some users to look for alternative proteins and, if successful, will not return to the dry whey market unless prices decline.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .3600 - .3675
DELVD SOUTHEAST: .3700 - .4050

DRY WHEY - WEST

The Western whey range price is steady to lower, while the mostly range held steady. Contacts believe that there is some weakness developing in the market. Some manufacturers are lowering prices slightly to keep shipments going, especially into export channels. Stocks are beginning to build at some plants and they are getting more aggressive in offering powder out into the market. Some brokers are getting calls from producers that they have not heard from in months. Some firms are in great shape and are still able to get premiums. Production levels remain on the heavy side of projections. The quality level on output this winter has generally been good. Some reports are noted of plants that have been fractionating whey solids into higher value products switching output to dry sweet whey.

NONHYGROSCOPIC: .3200 - .3675 MOSTLY: .3475 - .3575

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels remain heavy and milk pricing is a big factor in a producers' decision to add to production schedules. February's Class IV milk price is expected to be quite a bit lower than January's, which is welcomed by producers who are under Federal milk marketing areas. The market continues to be highly competitive. The Kansas City Commodity Office is seeking qualified companies to supply approximately 10 million pounds of evaporated milk 24/12 fluid ounce can for Food and Nutrition Service distributing agencies, in exchange for CCC donated NDM. This notice will serve as market research to obtain information for the commercial finished product sought and is not a formal solicitation, but a request for interested parties to provide product information.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$19.50 - 30.00

Excluding promotional and other sales allowances. Included new price announcements.

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are lower on a weak market. Buyers are noting increased offerings from brokers, resellers and manufacturers. Most buyers are tentative in buying additional spot loads unless absolutely necessary, at least until the market settles. However, some brand specific users are willing to trade at a premium to receive loads in a consistent timely manner. In some instances, dry whey permeate is available to WPC 80% buyers to create a WPC 34% substitute. Buyers that need to use whey in formulations with WPC 80% are at a cost disadvantage. Some producers that have previously reported stocks in balance now state that loads are available. Stocks remain the heaviest in the Central U.S. Off grade, especially low protein, supplies of WPC are available for the light to fair interest.

F.O.B. EXTRA GRADE 34% PROTEIN: .7550 - .8150 MOSTLY: .7650 - .7850

LACTOSE - CENTRAL AND WEST

Prices are unchanged to higher on a firm market. Supplies remain short of buyer interest with inquiries reported from the EU and Asia. To garner more interest in protein, some producers are offering out loads of lactose on the condition of the purchase of WPC products. In light of how whey prices have been trending, some buyers of lactose are taking a closer look at production and price in an attempt to forecast input costs. Traders anticipate a firm market throughout the year due to increased production of dry whey permeate and alternative uses of lactose domestically and abroad. Price changes at the end of the first quarter will likely determine whether cyclically lower price trends will follow as has been shown every other even year in the past. Off grade supplies are limited for the good feed interest.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .2200 - .2700 MOSTLY: .2300 - .2550

CASEIN - NATIONAL

Casein markets are generally steady with prices unchanged. For the most part, domestic buyers are able to secure needed volumes, although most continue to indicate that prices are higher than desired. Current prices are comparable to last year at this time, but are 50 - 75 cents higher than 2004. Traders and importers indicate that supplies remain sufficient for the near term. Most European suppliers will be closely monitoring production in that region during the upcoming milk production season. Some casein facilities have already closed their operations with others considering adjusting their output volumes. On January 27, under invitation #047, the Commodity Credit Corporation (CCC) extended an invitation for competitive offers to buy from CCC approximately 1 million pounds of nonfat dry milk for the production of casein/caseinate. Bids are due Monday February 6, with public notification of the results on Wednesday February 8. About a month ago, 1 million pounds of powder was sold at \$0.6500 per pound. Since June 2002, slightly more than 68 million pounds of government owned powder has been sold for this purpose. During that period, prices have ranged \$.2200 - 0.6500 per pound.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 3.1500 - 3.2700
ACID: 3.0800 - 3.2700

EVAPORATED MILK - NATIONAL - see adjacent column

CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	01/18	01/19	01/20	01/23	01/24	01/25	01/26	01/27	01/30	01/31
CME - (CLASS III) MILK FUTURES -- Dollars per cwt										
JAN 06	13.35 (2428) 9	13.35 (2427) 2	13.38 (2427) 28	13.38 (2400) 19	13.38 (2398) 3	13.38 (2409) 23	13.38 (2409) 0	13.42 (2408) 4	13.40 (2409) 5	13.42 (2409) 7
FEB 06	12.80 (2560) 55	12.72 (2559) 187	12.67 (2538) 163	12.59 (2511) 129	12.55 (2591) 209	12.53 (2546) 154	12.41 (2520) 80	12.39 (2473) 119	12.30 (2450) 124	12.41 (2493) 243
MAR 06	12.70 (2506) 108	12.57 (2545) 160	12.48 (2575) 122	12.40 (2628) 162	12.32 (2683) 192	12.31 (2686) 161	12.17 (2761) 242	12.16 (2777) 153	12.01 (2835) 183	12.16 (2887) 252
APR 06	12.70 (2480) 150	12.62 (2510) 97	12.48 (2526) 137	12.38 (2579) 90	12.33 (2519) 512	12.31 (2485) 117	12.18 (2547) 146	12.16 (2572) 245	12.05 (2591) 132	12.24 (2623) 347
MAY 06	12.75 (2007) 36	12.64 (2044) 62	12.56 (2059) 66	12.42 (2093) 70	12.39 (2175) 173	12.37 (2230) 105	12.30 (2252) 81	12.35 (2267) 128	12.20 (2310) 111	12.32 (2383) 212
JUN 06	12.88 (1977) 57	12.81 (2011) 58	12.71 (2062) 91	12.57 (2101) 83	12.57 (2172) 198	12.55 (2223) 100	12.46 (2236) 60	12.47 (2268) 84	12.34 (2279) 59	12.43 (2350) 209
JUL 06	13.16 (1690) 48	13.10 (1732) 67	12.94 (1796) 123	12.75 (1866) 146	12.73 (1871) 98	12.69 (1911) 90	12.62 (1933) 90	12.75 (1990) 142	12.58 (2060) 175	12.70 (2113) 126
AUG 06	13.36 (1536) 56	13.31 (1558) 43	13.22 (1629) 107	13.04 (1704) 158	13.02 (1779) 172	13.03 (1851) 117	12.95 (1883) 94	12.95 (1986) 241	12.80 (2037) 115	12.85 (2093) 139
SEP 06	13.57 (1591) 50	13.52 (1607) 31	13.42 (1668) 134	13.20 (1745) 158	13.15 (1834) 200	13.14 (1893) 76	13.08 (1928) 98	13.14 (2008) 150	12.99 (2035) 93	13.06 (2108) 213
OCT 06	13.15 (1588) 37	13.11 (1610) 26	13.09 (1640) 87	12.96 (1679) 95	12.93 (1714) 112	12.95 (1758) 90	12.91 (1801) 74	12.95 (1856) 120	12.80 (1896) 81	12.83 (1906) 68
NOV 06	12.91 (1419) 30	12.88 (1434) 21	12.84 (1460) 56	12.81 (1487) 96	12.79 (1535) 104	12.80 (1552) 53	12.79 (1578) 49	12.80 (1635) 84	12.72 (1666) 67	12.75 (1729) 86
DEC 06	12.78 (1434) 31	12.74 (1442) 24	12.71 (1482) 56	12.67 (1508) 63	12.65 (1598) 134	12.65 (1611) 48	12.61 (1645) 51	12.61 (1664) 64	12.55 (1686) 36	12.61 (1740) 79
JAN 07	12.50 (131) 7	12.50 (131) 0	12.50 (133) 2	12.45 (139) 25	12.44 (157) 25	12.43 (160) 3	12.43 (161) 3	12.30 (172) 16	12.20 (181) 11	12.20 (192) 11
FEB 07	12.31 (121) 3	12.31 (123) 2	12.31 (125) 2	12.30 (139) 16	12.29 (152) 23	12.26 (154) 2	12.23 (159) 8	12.10 (179) 23	12.02 (181) 3	12.02 (188) 9
MAR 07	12.43 (129) 6	12.43 (137) 8	12.43 (150) 13	12.42 (161) 15	12.40 (166) 17	12.41 (168) 3	12.35 (168) 6	12.26 (174) 14	12.18 (174) 15	12.18 (188) 14
APR 07	12.50 (68) 3	12.50 (69) 1	12.50 (71) 3	12.50 (86) 20	12.48 (111) 43	12.50 (111) 2	12.40 (113) 2	12.29 (120) 9	12.22 (119) 7	12.20 (120) 1
MAY 07	12.65 (75) 3	12.65 (80) 5	12.65 (83) 3	12.65 (93) 12	12.63 (102) 16	12.64 (103) 1	12.60 (108) 7	12.54 (120) 13	12.45 (120) 1	12.43 (120) 1
JUN 07	12.81 (71) 6	12.81 (72) 1	12.80 (75) 3	12.80 (76) 6	12.78 (90) 14	12.78 (90) 0	12.74 (95) 7	12.63 (96) 3	12.58 (119) 23	12.58 (130) 11
JUL 07	13.01 (32) 0	13.01 (33) 4	12.95 (36) 3	12.95 (38) 2	12.95 (44) 13	12.98 (44) 3	12.90 (46) 2	12.88 (48) 12	12.82 (47) 1	12.82 (47) 0
CME - (CLASS IV) MILK FUTURES -- Dollars per cwt.										
JAN 06	12.70 (2) 0	12.70 (2) 0	12.70 (2) 0	12.60 (2) 0	12.60 (2) 0	12.60 (2) 0	12.60 (2) 0	12.50 (2) 0	12.50 (2) 0	12.50 (2) 0
FEB 06	12.60 (1) 0	12.40 (1) 0	12.40 (1) 0	12.40 (1) 0	12.40 (1) 1	12.40 (1) 0	12.35 (1) 0	12.35 (1) 0	12.35 (1) 0	12.35 (1) 0
MAR 06	12.60 (2) 0	12.40 (2) 0	12.40 (2) 0	12.40 (2) 0	12.40 (2) 1	12.40 (2) 0	12.30 (2) 0	12.30 (2) 0	12.30 (2) 0	12.22 (2) 0
CME - BUTTER FUTURES -- Cents per pound										
MAR 06	136.50 (172) 6	136.00 (172) 13	136.75 (172) 5	136.50 (173) 6	136.50 (173) 0	133.00 (173) 10	130.25 (179) 10	130.00 (183) 6	130.00 (188) 13	130.50 (174) 36
MAY 06	139.00 (142) 1	139.00 (145) 11	139.00 (145) 0	138.00 (147) 5	138.00 (147) 0	135.00 (150) 6	132.25 (155) 5	132.00 (157) 2	132.00 (174) 32	132.00 (187) 17
JUL 06	141.00 (154) 0	141.75 (152) 5	141.75 (152) 0	140.00 (154) 2	140.00 (157) 5	138.00 (157) 3	135.00 (159) 9	134.75 (167) 10	135.50 (172) 9	135.25 (185) 23
SEP 06	143.00 (87) 0	143.75 (87) 2	143.75 (87) 0	142.00 (88) 1	142.00 (91) 3	140.00 (92) 3	139.00 (94) 3	137.25 (96) 6	137.75 (109) 22	138.00 (115) 8
OCT 06	143.50 (33) 0	143.50 (34) 1	143.50 (34) 0	142.00 (35) 1	142.50 (36) 1	141.00 (36) 2	139.00 (37) 2	139.00 (37) 0	139.00 (46) 13	139.25 (48) 5
CME – CASH BUTTER FUTURES -- Cents per pound										
JAN 06	135.00 (166) 0	134.50 (166) 9	134.50 (166) 0	134.50 (166) 0	134.50 (166) 0	134.50 (166) 0	134.25 (155) 11	134.25 (155) 0	134.25 (155) 0	134.25 (155) 0
FEB 06	135.00 (234) 0	134.98 (231) 5	134.50 (232) 1	134.50 (232) 0	135.00 (232) 0	135.00 (237) 6	130.00 (244) 4	128.00 (242) 8	127.10 (242) 3	127.50 (242) 0
MAR 06	135.50 (251) 2	135.25 (262) 19	135.50 (262) 17	135.03 (260) 16	135.03 (260) 0	134.48 (269) 16	131.50 (298) 26	130.00 (296) 8	131.00 (296) 14	131.00 (298) 5
APR 06	137.75 (164) 0	137.00 (175) 9	136.00 (179) 13	136.00 (179) 0	135.75 (188) 10	134.80 (193) 7	132.50 (221) 29	131.00 (230) 10	131.00 (230) 0	132.00 (234) 4
MAY 06	138.75 (169) 9	138.50 (180) 26	138.50 (184) 13	137.75 (198) 16	137.50 (202) 5	136.60 (204) 3	133.25 (227) 24	133.00 (229) 10	132.75 (236) 8	132.50 (238) 5

1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered January 23 - February 3, 2006

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

WESTERN OVERVIEW: Although very cold temperatures are being reported in many areas of Europe, milk production does not appear to be negatively affected at this time. Overall milk volumes are trailing last year, but some producers will still need to adjust their marketings before March 31 to avoid over quota penalties. February 1 has arrived and powder and butter can now be produced for intervention offering March 1. Most producers and handlers do not foresee significant volumes of skim milk powder being readied for offering. Even with slow international sales, powder stocks will most likely be held versus offered to the program. On the other hand, butter offerings are anticipated to be heavy with maximum levels under the program possibly being reached. Along with most manufactured dairy products, butter sales and demand remain very light. As some traders indicate, "demand is extremely quiet". Prices for European produced dairy products are basically unchanged and reported as nominal. A fluctuating U.S. dollar against the Euro is, for the most part, keeping prices unchanged. Traders state that price adjustments at this time would do little to encourage sales activity, but the market tone for milk proteins and powders is firm with butter weak. Calf milk replacer demand is strong. For the most part, intervention stocks are gone. The recent sale basically cleaned out the inventories.

BUTTER/BUTTEROIL: European butter markets and prices are generally unchanged, although the market undertone is weak. Some producers and handlers are starting to prepare butter stock for offering to intervention on March 1. Traders and handlers feel that intervention clearances of butter will probably be heavy during the open season and maximum levels might be attained. Current butter demand is slow and unaggressive with downward pressure on prices occurring.

82% BUTTERFAT: 1,900 - 2,125
99% BUTTERFAT: 2,350 - 2,600

SKIM MILK POWDER (SMP): Skim milk powder markets are firm although prices are basically unchanged. Stocks of powder are limited, but available for small lot sales. As of February 1, skim milk powder can be produced for intervention offering March 1. Most producers, handlers and traders feel that skim powder clearances to intervention during the upcoming open season will be minimal. Even with international sales unaggressive and quiet, at this time, producers and handlers would rather hold onto stocks versus clear them to intervention.

1.25% BUTTERFAT: 2,100 - 2,250

WHOLE MILK POWDER (WMP): Whole milk powder markets are firm although prices remain unchanged. Traders and handlers state that price quotes at this time are nominal due to inactivity in the market. Stocks of whole milk powder are limited for immediate shipment, but as milk production continues to increase, stocks for second quarter shipments should be more readily available. Some traders and handlers continue to anticipate that a full cream milk powder tender will be forth coming soon.

26% BUTTERFAT: 2,100 - 2,300

SWEET WHEY POWDER: Whey powder markets remain firm with prices unchanged to higher. Whey powder stocks are limited and supplies that are available are quickly absorbed by a domestic calf feed market. Basically all milk protein markets are firm and supplies are limited.

NONHYGROSCOPIC: 800 - 900

EASTERN OVERVIEW: Cold temperatures are also being reported in Eastern Europe. Milk production continues to increase in many countries, but the cold snap might slow the increase. Milk production is strong in Poland and the Baltics, while within quota levels elsewhere. Eastern European traders and handlers report slow international sales, with most trading activity centering around internal EU demand. Stocks of manufactured dairy products are available, but not excessive at this time.

OCEANIA

OCEANIA OVERVIEW: The Oceania milk production season continues to wind down seasonally. In New Zealand, milk production trends have been trailing last year by about 2%, but recent reports indicate that this negative margin might be narrowing. At this point, milk producers and handlers feel that the negative margin will probably not be eliminated, but will at least become less. In Australia, milk production on a cumulative basis for the first five (5) months of the milk production year (July – November) was up 0.5%. On a cumulative five month basis, milk output in Victoria, the major production area of Australia, was up 0.8% followed by a 1.3% increase in New South Wales and a 1.4% increase in Queensland. Many milk handlers feel that this trend will probably hold true for December, but recent hot temperatures in major milk production areas may greatly reduce the volumes for January. Manufacturing schedules remain seasonally active, although these are declining as milk volumes decrease. Stocks of manufactured dairy products are in balance for needs, with minimal, if any available for spot or new buyer interest. Traders and handlers feel that if they need additional volumes to round out their commitments, they will be able to reach to outside sources for that supply. Sales or market activity continues to center around regular and ongoing customer needs.

BUTTER: Oceania butter markets are generally steady at unchanged prices. Stocks of butter are reported to be in balance with current needs. Churning schedules remain seasonally active although somewhat lighter as milk volumes decrease seasonally. Traders and handlers continue to report that stocks are sufficient for commitments, with minimal volumes available for spot buyer needs. As the season winds down, many traders and handlers feel that they will be in much the same situation as they were in last year with minimal volumes, if any, to carry over into the new year.

82% BUTTERFAT: 1,850 - 2,050

CHEDDAR CHEESE: Cheese production in Oceania is seasonally strong, but trending lower as milk volumes decline. Prices and the market tone are generally steady. Cheese inventories are sufficient to maintain scheduled shipments. No new cheese sales are being reported, although traders and handlers do indicate that some regular and ongoing customer needs have increased.

39% MAXIMUM MOISTURE: 2,600 - 2,900

SKIM MILK POWDER (SMP): Skim milk powder markets in Oceania are steady at unchanged prices. Stocks of powder are balanced with needs with some outsourcing occurring. Producers and handlers state that production is edging lower as milk volumes decrease. In recent weeks, milk volumes have been edging lower gradually, although extreme heat in Australia may accelerate this decline.

1.25% BUTTERFAT: 2,075 - 2,250

WHOLE MILK POWDER (WMP): Whole milk powder markets are steady at unchanged prices. Some traders and handlers feel that a weaker undertone is developing which could possibly weaken current prices. Oceania stocks are in balance, although if milk production declines are accelerated by recent adverse weather patterns, late season supplies may be questionable. Most Oceania sales activity continues to center around regular and ongoing customer needs.

26% BUTTERFAT: 2,100 - 2,250

Exchange rates for selected foreign currencies: January 30, 2006

.8725 Canadian Dollar	.0227 Indian Rupee
.3267 Argentina Peso	.6809 New Zealand Dollar
.0957 Mexican Peso	.7484 Australian Dollar
.3167 Polish Zloty	.0085 Japanese Yen
	1.2085 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0957)=
10.4493 Mexican Pesos. Source: "Wall Street Journal"

MONTHLY SUMMARY AND AVERAGES FOR JANUARY 2006 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	::REPORT NUMBER 1 :: JAN 02 - 06	::REPORT NUMBER 2 :: JAN 09 - 13	::REPORT NUMBER 3 :: JAN 16 - 20	::REPORT NUMBER 4 :: JAN 23 - 27	::REPORT NUMBER 5 :: JAN 30 - 31	:: 2006 :: or Total	:: 2005 :: Average : Average :: or Total
CHEESE							
WISCONSIN (WSP, Delivered, LTL)							
-- Process American 5# Loaf	:: 1.5900 - 1.8400	:: 1.5900 - 1.8400	:: 1.5875 - 1.8400	:: 1.5725 - 1.8400	:: 1.5025 - 1.8400	:: 1.7085	: 1.8996
-- Brick And/Or Muenster 5#	:: 1.8400 - 1.9150	:: 1.8400 - 1.9150	:: 1.8400 - 1.9150	:: 1.8400 - 1.9100	:: 1.8325 - 1.8400	:: 1.8730	: 2.1301
-- Cheddar 40# Block	:: 1.7175 - 2.2650	:: 1.7175 - 2.2650	:: 1.7175 - 2.2650	:: 1.7125 - 2.2650	:: 1.6350 - 2.2650	:: 1.9867	: 2.0739
-- Monterey Jack 10#	:: 1.8800 - 2.2650	:: 1.8800 - 2.2650	:: 1.8800 - 2.2650	:: 1.8800 - 2.2650	:: 1.8750 - 2.2650	:: 2.0723	: 2.1829
-- Blue 5#	:: 2.2175 - 2.5300	:: 2.2175 - 2.5300	:: 2.2175 - 2.5300	:: 2.2125 - 2.5300	:: 2.1350 - 2.5300	:: 2.3692	: 2.6026
-- Mozzarella 5 - 6#	:: 1.5450 - 2.3650	:: 1.5450 - 2.3650	:: 1.5450 - 2.3650	:: 1.5400 - 2.3650	:: 1.4625 - 2.3650	:: 1.9505	: 2.1062
-- Grade A Swiss Cuts 6 - 9#	:: 2.4300 - 2.8900	:: 2.4300 - 2.8900	:: 2.4300 - 2.8900	:: 2.4300 - 2.8900	:: 2.4300 - 2.8900	:: 2.6600	: 2.6150
NORTHEAST (WSP, Delivered, LTL)							
-- Cheddar 10# Prints	:: 1.4500 - 1.9700	:: 1.4500 - 1.9700	:: 1.4500 - 1.9700	:: 1.4450 - 1.9650	:: 1.3675 - 1.8875	:: 1.7010	: 1.8928
-- Cheddar Single Daisies	:: 1.4075 - 1.8825	:: 1.4075 - 1.8825	:: 1.4075 - 1.8825	:: 1.4025 - 1.8775	:: 1.3250 - 1.8000	:: 1.6360	: 1.8303
-- Cheddar 40# Block	:: 1.5075 - 1.7800	:: 1.5075 - 1.7800	:: 1.5075 - 1.7800	:: 1.5025 - 1.7750	:: 1.4275 - 1.6975	:: 1.6348	: 1.8387
-- Process 5# Loaf	:: 1.5500 - 1.7925	:: 1.5500 - 1.7925	:: 1.5475 - 1.7900	:: 1.5325 - 1.7750	:: 1.4625 - 1.7025	:: 1.6582	: 1.8426
-- Process 5# Sliced	:: 1.5700 - 1.8000	:: 1.5700 - 1.8000	:: 1.5675 - 1.7975	:: 1.5525 - 1.7825	:: 1.4825 - 1.7100	:: 1.6719	: 1.8806
-- Muenster	:: 1.5225 - 1.7225	:: 1.5225 - 1.7225	:: 1.5225 - 1.7225	:: 1.5175 - 1.7175	:: 1.4400 - 1.6400	:: 1.6135	: 1.9090
-- Grade A Swiss Cuts 10 - 14#	:: 2.4500 - 2.6500	:: 2.4500 - 2.6500	:: 2.4500 - 2.6500	:: 2.4500 - 2.6500	:: 2.4500 - 2.6500	:: 2.5500	: 2.5500
WEST COAST (WSP, Delivered, LTL)							
-- Process 5# Loaf	:: 1.4925 - 1.7500	:: 1.4925 - 1.7500	:: 1.4925 - 1.7500	:: 1.4750 - 1.7325	:: 1.4050 - 1.6625	:: 1.6088	: 1.8120
-- Cheddar 40# Block	:: 1.4875 - 1.7875	:: 1.4875 - 1.7875	:: 1.4875 - 1.7875	:: 1.4825 - 1.8350	:: 1.4050 - 1.7050	:: 1.6347	: 1.8659
-- Cheddar 10# Cuts	:: 1.6675 - 1.8875	:: 1.6675 - 1.8875	:: 1.6675 - 1.8875	:: 1.6625 - 1.8825	:: 1.5850 - 1.8050	:: 1.7685	: 1.9796
-- Monterey Jack 10#	:: 1.6775 - 1.8375	:: 1.6775 - 1.8375	:: 1.6775 - 1.8375	:: 1.6725 - 1.8325	:: 1.5950 - 1.7550	:: 1.7485	: 1.9596
-- Grade A Swiss Cuts 6 - 9#	:: 2.2500 - 2.7000	:: 2.2500 - 2.7000	:: 2.2500 - 2.7000	:: 2.2500 - 2.7000	:: 2.2500 - 2.7000	:: 2.4750	: 2.4750
FLUID PRODUCTS							
SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)							
-- Northeast - f.o.b	:: 1.5008 - 1.6750	:: 1.6017 - 1.8266	:: 1.6160 - 1.7804	:: 1.5353 - 1.7088	:: 1.4427 - 1.6263	:: 1.6420	: 1.9285
-- Atlanta - dlvd. equiv.	:: 1.5276 - 1.7152	:: 1.6298 - 1.8546	:: 1.6434 - 1.8351	:: 1.5753 - 1.7489	:: 1.4951 - 1.6918	:: 1.6796	: 1.9654
-- Upper Midwest - f.o.b	:: 1.5410 - 1.6750	:: 1.6158 - 1.7844	:: 1.5749 - 1.7119	:: 1.4418 - 1.6421	:: 1.3750 - 1.6394	:: 1.6113	: 1.9863
PRICES OF CONDENSED SKIM - NORTHEAST (\$ per lb. wet solids) - f.o.b.							
-- Class II	:: 1.0200 - 1.0900	:: 1.0200 - 1.0900	:: 1.0200 - 1.0900	:: 1.0200 - 1.0900	:: 1.0200 - 1.0900	:: 1.0550	: 0.9900
-- Class III	:: 1.0500 - 1.1200	:: 1.0500 - 1.1200	:: 1.0500 - 1.1200	:: 1.0500 - 1.1200	:: 1.0500 - 1.1200	:: 1.0850	: 1.1123
NATIONAL EVAPORATED MILK (\$ per Case)							
(Case - 48 - 12 fluid oz cans)							
-- Delivered Major U.S. Cities	::19.5000 -30.0000	::19.5000 -30.0000	::19.5000 -30.0000	::19.5000 -30.0000	::19.5000 -30.0000	:: 24.7500	: 26.0000

MONTHLY SUMMARY AND AVERAGES FOR JANUARY 2006 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	::REPORT NUMBER 1	::REPORT NUMBER 2	::REPORT NUMBER 3	::REPORT NUMBER 4	::REPORT NUMBER 5	:: 2006	:: 2005
	::-----	::-----	::-----	::-----	::-----	:: Average	:: Average
	:: JAN 02 - 06	:: JAN 09 - 13	:: JAN 16 - 20	:: JAN 23 - 27	:: JAN 30 - 31	:: or Total	:: or Total
DRY PRODUCTS							
NONFAT DRY MILK							
-- Central And East (f.o.b.)							
-- Low/Medium Heat	:: 0.9825 - 1.0650	:: 0.9900 - 1.0725	:: 0.9900 - 1.0550	:: 0.9200 - 1.0450	:: 0.8800 - 1.0450	:: 1.0096	:: 0.9208
-- Mostly	:: 1.0225 - 1.0650	:: 0.9900 - 1.0625	:: 0.9900 - 1.0200	:: 0.9300 - 1.0000	:: 0.9100 - 0.9750	:: 1.0038	:: 0.8999
-- High Heat	:: 1.0225 - 1.1350	:: 1.0575 - 1.1350	:: 1.0450 - 1.1050	:: 1.0350 - 1.0675	:: 1.0350 - 1.0675	:: 1.0730	:: 0.9885
-- West (f.o.b.)							
-- Low/Medium Heat	:: 0.9100 - 0.9900	:: 0.9100 - 1.0250	:: 0.9000 - 1.0075	:: 0.8600 - 0.9975	:: 0.8200 - 0.9975	:: 0.9459	:: 0.9043
-- Mostly	:: 0.9400 - 0.9825	:: 0.9400 - 1.0175	:: 0.9200 - 1.0000	:: 0.9000 - 0.9675	:: 0.8500 - 0.9300	:: 0.9518	:: 0.8945
-- High Heat	:: 1.0000 - 1.0375	:: 1.0000 - 1.0575	:: 1.0000 - 1.0400	:: 1.0000 - 1.0300	:: 0.9500 - 1.0300	:: 1.0177	:: 0.9193
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)	:: 0.3200 - 0.3500	:: 0.3375 - 0.3575	:: 0.3425 - 0.3625	:: 0.3425 - 0.3700	:: 0.3375 - 0.3700	:: 0.3482	:: 0.2447
-- Mostly	:: 0.3275 - 0.3475	:: 0.3375 - 0.3475	:: 0.3425 - 0.3475	:: 0.3425 - 0.3550	:: 0.3475 - 0.3550	:: 0.3441	:: 0.2425
-- West (f.o.b.)	:: 0.3200 - 0.3700	:: 0.3300 - 0.3725	:: 0.3350 - 0.3750	:: 0.3250 - 0.3675	:: 0.3200 - 0.3675	:: 0.3486	:: 0.2597
-- Mostly	:: 0.3400 - 0.3525	:: 0.3425 - 0.3525	:: 0.3450 - 0.3525	:: 0.3475 - 0.3575	:: 0.3475 - 0.3575	:: 0.3491	:: 0.2597
-- Northeast (f.o.b.)	:: 0.3375 - 0.3525	:: 0.3475 - 0.3550	:: 0.3525 - 0.3600	:: 0.3550 - 0.3625	:: 0.3600 - 0.3675	:: 0.3537	:: 0.2563
-- Southeast (Delvd)	:: 0.3550 - 0.3800	:: 0.3650 - 0.3925	:: 0.3675 - 0.3925	:: 0.3675 - 0.4000	:: 0.3700 - 0.4050	:: 0.3783	:: 0.2763
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	:: 0.7850 - 0.8450	:: 0.7700 - 0.8350	:: 0.7700 - 0.8300	:: 0.7550 - 0.8250	:: 0.7550 - 0.8150	:: 0.8004	:: 0.7102
-- Mostly	:: 0.7950 - 0.8150	:: 0.7950 - 0.8050	:: 0.7900 - 0.8000	:: 0.7750 - 0.7950	:: 0.7650 - 0.7850	:: 0.7943	:: 0.7033
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	:: 0.3000 - 0.3275	:: 0.3000 - 0.3375	:: 0.3000 - 0.3375	:: 0.3150 - 0.3375	:: 0.3150 - 0.3375	:: 0.3201	:: 0.2100
BUTTERMILK (Min. 30% protein)							
-- Central (f.o.b.)	:: 0.8600 - 0.9325	:: 0.8600 - 0.9100	:: 0.8500 - 0.9100	:: 0.8500 - 0.9075	:: 0.8300 - 0.9025	:: 0.8835	:: 0.9203
-- West (f.o.b.)	:: 0.8700 - 0.9600	:: 0.8400 - 0.9325	:: 0.8400 - 0.9200	:: 0.7800 - 0.9200	:: 0.7800 - 0.8900	:: 0.8784	:: 0.9116
-- Mostly	:: 0.8800 - 0.9050	:: 0.8500 - 0.9000	:: 0.8400 - 0.8600	:: 0.8000 - 0.8500	:: 0.8000 - 0.8400	:: 0.8573	:: 0.9053
-- Northeast (f.o.b.)	:: 0.9300 - 1.0050	:: 0.9300 - 0.9600	:: 0.9300 - 0.9600	:: 0.9300 - 0.9500	:: 0.9200 - 0.9300	:: 0.9473	:: 0.9298
-- Southeast (Delvd)	:: 0.9300 - 1.0000	:: 0.9000 - 0.9700	:: 0.9000 - 0.9700	:: 0.9000 - 0.9600	:: 0.8700 - 0.9500	:: 0.9386	:: 0.9650
WHOLE MILK POWDER							
-- National (f.o.b.)	:: 1.3200 - 1.3800	:: 1.3200 - 1.3800	:: 1.3200 - 1.3575	:: 1.3200 - 1.3575	:: 1.3200 - 1.3575	:: 1.3441	:: 1.3456
LACTOSE							
-- Central And West (f.o.b.)	:: 0.2200 - 0.2650	:: 0.2200 - 0.2650	:: 0.2200 - 0.2650	:: 0.2200 - 0.2650	:: 0.2200 - 0.2700	:: 0.2427	:: 0.1823
-- Mostly	:: 0.2200 - 0.2400	:: 0.2300 - 0.2400	:: 0.2300 - 0.2400	:: 0.2300 - 0.2550	:: 0.2300 - 0.2550	:: 0.2363	:: 0.1750
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Rennet	:: 3.1500 - 3.2700	:: 3.1500 - 3.2700	:: 3.1500 - 3.2700	:: 3.1500 - 3.2700	:: 3.1500 - 3.2700	:: 3.2100	:: 3.1500
-- Nonrestricted - Acid	:: 3.0800 - 3.2700	:: 3.0800 - 3.2700	:: 3.0800 - 3.2700	:: 3.0800 - 3.2700	:: 3.0800 - 3.2700	:: 3.1750	:: 3.1500

1/ Prices for all products are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing.

CHICAGO MERCANTILE EXCHANGE AVERAGES FOR JANUARY 2006

COMMODITY	::REPORT NUMBER 1 ::		REPORT NUMBER 2 ::		REPORT NUMBER 3 ::		REPORT NUMBER 4 ::		REPORT NUMBER 5 ::		2006 *	2005 *
	::-----::		-----::		-----::		-----::		-----::		Monthly	Monthly
	:: JAN 2 - 6		JAN 9 - 13		JAN 16 - 20		JAN 23 - 27		JAN 30 - 31		Average	Average
BUTTER*												
-- GRADE AA												
--Monday	::	#	::	1.3950 @	::	#	::	1.3400	::	1.2575	::	:
--Tuesday	::		::	1.3775	::	1.3325	::	1.3375	::	1.2500	::	:
--Wednesday	::	1.4100	::	1.3750	::	1.3325	::	1.3300	::		::	:
--Thursday	::		::	1.3700	::	1.3350	::	1.2850	::		::	:
--Friday	::	1.4000	::	1.3300	::	1.3400	::	1.2650	::		::	1.3368 : 1.5775
--Weekly Average**	::	1.4050	::	1.3695	::	1.3350	::	1.3115	::		::	:
CHEESE*												
-- BARRELS												
--Monday	::	#	::	1.3400	::	#	::	1.2975	::	1.2100	::	:
--Tuesday	::	1.3400	::	1.3400	::	1.3275	::	1.2600	::	1.2100	::	:
--Wednesday	::	1.3400	::	1.3400	::	1.3275	::	1.2600	::		::	:
--Thursday	::	1.3400	::	1.3400	::	1.3275	::	1.2300	::		::	:
--Friday	::	1.3400	::	1.3275	::	1.3100	::	1.2100	::		::	1.3009 : 1.5851
--Weekly Average**	::	1.3400	::	1.3375	::	1.3231	::	1.2515	::		::	:
-- 40# BLOCKS												
--Monday	::	#	::	1.3675	::	#	::	1.3375	::	1.2375	::	:
--Tuesday	::	1.3675	::	1.3675	::	1.3675	::	1.2975	::	1.2400	::	:
--Wednesday	::	1.3675	::	1.3675	::	1.3675	::	1.2950	::		::	:
--Thursday	::	1.3675	::	1.3675	::	1.3675	::	1.2650	::		::	:
--Friday	::	1.3675	::	1.3675	::	1.3500	::	1.2375	::		::	1.3335 : 1.6269
--Weekly Average**	::	1.3675	::	1.3675	::	1.3631	::	1.2865	::		::	:
NONFAT DRY MILK*												
-- EXTRA GRADE												
--Monday	::	#	::	0.9800	::	#	::	0.9100	::	0.8900	::	:
--Tuesday	::	0.9800	::	0.9800	::	0.9800	::	0.8900	::	0.8900	::	:
--Wednesday	::	0.9800	::	0.9800	::	0.9500	::	0.8900	::		::	:
--Thursday	::	0.9800	::	0.9800	::	0.9500	::	0.8900	::		::	:
--Friday	::	0.9800	::	0.9800	::	0.9500	::	0.8900	::		::	0.9450 : 0.9013
--Weekly Average**	::	0.9800	::	0.9800	::	0.9575	::	0.8940	::		::	:
-- GRADE A												
--Monday	::	#	::	0.9950	::	#	::	0.9000	::	0.8825	::	:
--Tuesday	::	0.9950	::	0.9850	::	0.9600	::	0.8800	::	0.8850	::	:
--Wednesday	::	0.9950	::	0.9800	::	0.9500	::	0.8800	::		::	:
--Thursday	::	0.9950	::	0.9800	::	0.9400	::	0.8800	::		::	:
--Friday	::	0.9950	::	0.9700	::	0.9300	::	0.8800	::		::	0.9429 : 0.9080
--Weekly Average**	::	0.9950	::	0.9820	::	0.9450	::	0.8840	::		::	:

* Monthly averages are a simple average of all the closes during the month. Weekly and monthly averages are independent calculations.

** Weekly averages are simple averages of the closes during the calendar week and are for information purposes. Should the week be split between two months, the weekly average will appear in the monthly report in which the Friday close is reported.

@ Daily trading for cash butter started the week of January 9, 2006.

No trading due to the observance of Federal holidays.

JANUARY 1 MILK COW INVENTORY SUMMARY

The number of milk cows in the United States as of January 1, 2006, totaled 9.06 million head, up 1 percent from January 1, 2005.

Milk cow replacement heifers totaled 4.28 million head, up 4 percent from January 1, 2005.

The number of milk cow replacement heifers per 100 milk cows on January 1, 2006 was 47.2, up from 45.7 on January 1, 2005.

Milk cow replacement heifers expected to calve during the year totaled 2.89 million head, up 3 percent from January 1, 2005.

MILK COW INVENTORY: Number by Class, January 1, 2005-2006

State	Milk Cows that Have Calved		Heifers for Milk Cow Replacement		State	Milk Cows that Have Calved		Heifers for Milk Cow Replacement	
	2005	2006	2005	2006		2005	2006	2005	2006
	1,000 Head					1,000 Head			
AL	16	14	7	6	NE	61	60	20	15
AK	1.2	0.8	0.5	0.3	NV	25	27	10	12
AZ	165	165	42	44	NH	16	16	9	8.5
AR	26	21	10	8	NJ	12	12	6	6
CA	1,740	1,770	760	790	NM	318	340	100	105
CO	101	105	50	55	NY	650	652	305	325
CT	20	20	11	11	NC	55	52	25	22
DE	8	7	2.5	3.0	ND	33	33	18	19
FL	138	134	40	40	OH	266	273	125	120
GA	84	78	24	23	OK	75	75	15	20
HI	5.7	4.6	2	2	OR	120	121	60	75
ID	435	473	230	250	PA	566	558	275	275
IL	105	104	55	52	RI	1.1	1.0	0.8	0.7
IN	155	158	56	65	SC	18	17	7	6
IA	187	187	100	120	SD	80	81	40	45
KS	110	110	45	55	TN	72	70	40	40
KY	110	102	45	50	TX	318	325	130	130
LA	36	32	9	9	UT	88	85	45	45
ME	33	32	19	18	VT	143	143	58	61
MD	73	70	32	30	VA	105	103	43	40
MA	17	16	8.5	8.5	WA	235	237	102	98
MI	307	312	120	137	WV	13	13	4	4
MN	460	445	270	265	WI	1,235	1,240	650	670
MS	26	24	15	11	WY	4	7	3	5
MO	119	114	65	70					
MT	18	19	9	8	U.S.	9,005	9,058	4,118	4,278

SOURCE: "Cattle," Mt An 2 (1-06), USDA, Agricultural Statistics Board, National Agricultural Statistics Service.

JANUARY AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in January 2006 advanced 2 point to 145. Compared with January 2005, the index was up 8 points (5.8 percent). The index of prices received by farmers for dairy products declined 2 points during the month of January 2006 to 111. Compared with January 2005, the index was down 11 points (9.0 percent).

Prices received by farmers in January with changes from December were: for All Milk, \$14.50 per hundredweight (cwt.), down \$.30; for Fluid Grade Milk, \$14.60 per cwt., down \$.20; and for Manufacturing Grade Milk, \$14.10 per cwt., down \$.30.

SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., JANUARY 2006 WITH COMPARISONS

STATE	All-milk price <u>1/</u> <u>3/</u>				Milk cows <u>5/</u>		Cows <u>6/</u>		All hay baled <u>7/</u>	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	DECEMBER		JANUARY		JANUARY		JANUARY		JANUARY	
	2005	2004 <u>2/</u>	2006 <u>4/</u>	2005 <u>2/</u>	2006 <u>4/</u>	2005 <u>2/</u>	2006 <u>7/</u>	2005 <u>8/</u>	2006	2005
CA	13.73	15.17	13.20	14.01	1,800	1,600	46.50	46.90	131.00	116.00
ID	13.80	15.10	13.60	14.70	1,900	1,600	44.70	48.00	106.00	105.00
MI	15.10	16.80	15.10	16.40	2,000	1,700	50.00	49.00	99.00	104.00
MN	15.10	17.00	14.90	15.80	1,790	1,530	49.00	52.10	68.00	73.00
NM	14.00	15.50	13.40	15.70	1,860	1,740	45.40	51.80	123.00	118.00
NY	15.20	17.20	14.70	16.70	1,710	1,500	---	---	121.00	125.00
PA	16.60	18.00	16.50	17.90	1,900	1,600	46.20	50.10	139.00	128.00
TX	15.10	16.70	14.90	17.00	1,900	1,660	43.00	48.80	97.00	72.00
WA	14.70	16.00	14.50	15.90	1,850	1,650	---	---	112.00	107.00
WI	15.30	17.50	15.10	16.30	1,880	1,690	47.60	51.30	109.00	98.00
U.S.	14.80	16.40	14.50	15.90	1,840	1,620	46.50	50.50	91.20	87.80

1/ Prices are shown at reported butterfat test. 2/ Partially revised. 3/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Beef cows and cull dairy cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

MILK AND OTHER GENERAL PRICE MEASURES, U.S., JANUARY 2006 WITH COMPARISONS

ITEM	JANUARY 2005	DECEMBER 2005 <u>1/</u>	JANUARY 2006 <u>2/</u>
PRICES RECEIVED BY FARMERS , dol. per cwt., at reported butterfat test: <u>3/</u>			
All milk	15.90	14.80	14.50
Fluid grade milk	15.90	14.80	14.60
Manufacturing grade milk	14.90	14.40	14.10
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for all farm products	111	115	112
Prices received by farmers for dairy products	122	113	111
Prices paid by farmers for commodities and services, interest taxes, and wage rates	137	143	145
Prices paid by farmers for production items	134	143	144
Prices paid by farmers for feed	112	117	118
MILK FEED PRICE RATIO: Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk <u>4/</u>	3.45	3.27	3.24

1/ Partially revised. 2/ Preliminary. 3/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 4/ For this data series, the price of the commercial prepared feed is based on current U.S. prices received for corn, soybeans, and alfalfa hay and all wheat.

SOURCE: "Agricultural Prices," Pr 1 (1-06), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF JANUARY 30 - FEBRUARY 3			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/05	SAME PERIOD LAST YEAR	WEEK ENDING 01/27/06	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	-0-	-0-	-0-	-0-	31,817,269	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	31,817,269	-0-	-0-

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JANUARY 30 - FEBRUARY 3, 2006 =	0.0	0.0	COMPARABLE PERIOD IN 2005 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 2005 =	0.0	0.0	CUMULATIVE SAME PERIOD LAST YEAR =	7.0	370.4
CUMULATIVE JAN. 1 - FEB. 3, 2006 =	0.0	0.0	COMPARABLE CALENDAR YEAR 2005 =	60.2	3,233.1

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/05 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05
CENTRAL	-0-	-0-	-0-	-0-	-0-	1,331,567	-0-	4.2
WEST	-0-	-0-	-0-	-0-	-0-	29,415,099	-0-	92.4
EAST	-0-	-0-	-0-	-0-	-0-	1,070,603	-0-	3.4
TOTAL	-0-	-0-	-0-	-0-	-0-	31,817,269	-0-	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 01/14/06 & Comparable Week 2005

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL			
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1		
2006-Dairy	N.A.	0.6	6.6	3.1	17.3	2.7	0.4	N.A.	16.3	1.8	50.0	129.7	43.7	45.6
2005-Dairy	N.A.	0.8	7.4	3.3	22.3	3.9	1.3	N.A.	15.7	3.1	58.8	153.7	52.4	51.2
2006-All cows	N.A.	0.6	8.2	12.7	34.7	18.4	14.6	N.A.	18.6	2.4	114.4	284.7		
2005-All cows	N.A.	0.9	9.1	12.7	33.9	15.0	13.8	N.A.	16.8	6.3	112.3	300.3		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA. 1/ States included in regions are as follows: Region 1--ME, NH, VT, CT, MA, and RI; Region 2--NY and NJ; Region 3--DE, PA, WV, VA, and MD; Region 4--KY, TN, NC, SC, GA, AL, MS, and FL; Region 5--MI, OH, IN, IL, WI, and MN; Region 6--TX, OK, NM, AR, and LA; Region 7--IA, NB, KS, and MO; Region 8--MT, WY, CO, UT, ND, and SD; Region 9--CA, NV, AZ, and HA; Region 10--ID, OR, and WA. 2/ Totals may not add due to rounding.

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87
2004	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72	14.16	14.89	16.14
2005	14.14	14.70	14.08	14.61	13.77	13.92	14.35	13.60	14.30	14.35	13.35	13.37

FEDERAL MILK ORDER CLASS PRICES FOR 2006 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	13.38	13.38										
II	13.25											
III	13.39											
IV	12.20											

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfmoss/mib/cls_prod_cmp_pr.htm